

Message Text

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ACTION STR-07

INFO OCT-01 ARA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 /124 W
-----130994 262245Z /72

P R 262208Z MAY 78
FM AMEMBASSY GUATEMALA
TO SECSTATE WASHDC PRIORITY 0413
INFO USMISSION GENEVA
AMEMBASSY MANAGUA
AMEMBASSY SAN JOSE
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA

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PASS STR ELECTRONICALLY

E.O. 11652: N/A
TAGS: ETRD, MTN
SUBJ: LANDE/TREJOS CONVERSATION: MAY 25

1. ASSISTANT STR LANDE, ACCOMPANIED BY FINNERTY (EB) AND ADOLPH EISNER OF EMBASSY STAFF (AID/ROCAP) MET FOR THREE HOURS WITH SIECA DEPUTY SECRETARY GENERAL TREJOS AND OTHER SIECA OFFICIALS MORNING OF MAY 25. IMMEDIATE OBJECT OF MEETING WAS TO REVIEW VARIOUS CACM REQUESTS MADE IN TROPICAL PRODUCTS AND GROUP AGRICULTURE. US SIDE WANTED TO ENSURE THAT CACM HAD REQUESTED ALL ITEMS FOR WHICH IT QUALIFIED AS PRINCIPAL SUPPLIER (EVEN THOUGH TRADE IN THESE ITEMS WAS SMALL). GREATEST CONCERN OF SIECA WAS US RESPONSE TO CACM TROPICAL PRODUCTS' REQUEST. OF 61 ITEMS ON LIST, ONLY 10 HAVE BEEN SUBJECT OF US OFFER. SIECA WANTED TO
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KNOW ABOUT THE OTHER 151. US SIDE NOTED THAT CACM'S TP LIST INCLUDED REQUESTS FOR GSP INCLUSION AND US WOULD NOT ACCEPT SUCH REQUESTS. BOTH SIDES LACKED COMPLETE TRADE DATA AND IT WAS DIFFICULT TO DETERMINE IF PRINCIPAL SUPPLIER RULE EXCLUDED CONSIDERATION OF OTHERS. AT SIECA REQUEST, US SIDE AGREED TO REVIEW TP LIST IN WASHINGTON AND INFORM SIECA OF TP ITEMS FOR WHICH CACM AS A GROUP

QUALIFIED AS PRINCIPAL SUPPLIER ACCORDING TO US DATA.
THESE ITEMS WOULD THEN BE INCORPORATED INTO CACM'S AGRICULTURE
REQUEST LIST OF NOVEMBER 1977 AND APRIL, 1978.

2. DURING MEETING, IT WAS LEARNED THAT GUATEMALANS HAD
SUGGESTED US--CACM NEGOTIATIONS AT VICE MINISTERIAL LEVEL
FOLLOWING CACM MEETING OF EARLY JUNE. VENUE COULD EITHER
BE GENEVA OR WASHINGTON. WHAT GUATEMALANS STRESSED, HOWEVER,
WAS NECESSITY FOR POLICY LEVEL DECISIONS RATHER
THAN CONTINUED TECHNICAL CONSULTATIONS. TIMING SUGGESTED
WAS JUNE 20. LANDE NOTED THAT JUNE WOULD BE EXTREMELY
BUSY MONTH, POINTING TO ARGENTINE BILATERALS AND ON-GOING
DISCUSSIONS WITH MEXICO AND BRAZIL; BUT STATED THAT SOME-
TIME DURING WEEK OF JUNE 20 WAS AS GOOD AS ANY OTHER.
CHOICE OF WASHINGTON OR GENEVA COULD BE LEFT TO CACM TO
DECIDE. AS TO POSSIBLE AGENDA, LANDE INDICATED THAT IF
SUCH A MEETING WERE TO BE PRODUCTIVE, US SIDE WOULD,
BY WEEK OF JUNE 20, BE PREPARED TO DISCUSS US RESPONSE TO
CONSOLIDATED CACM AGRICULTURAL REQUEST AND SHOULD BE
READY TO OUTLINE BASIC CODE BENEFITS AND OBLIGATIONS.
CACM SHOULD, THEREFORE, BE PREPARED TO DISCUSS SPECIFIC
PRODUCT RESPONSES TO US REQUEST LIST AND DISCUSS GATT
ACCESSION OF HONDURAS, GUATEMALA, COSTA RICA AND EL SALVADOR.

3. QUESTION OF CODES AND GATT ACCESSION SPARKED FAIRLY
LIVELY DEBATE. SIECA INSISTED THAT CENTRAL AMERICANS WERE
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WILLING TO UNDERTAKE CODE OBLIGATIONS CONDITIONED UPON CODE
BENEFITS. MOREOVER CODES WOULD CHANGE PRESENT STRUCTURE OF
GATT. HOW GATT STRUCTURE WOULD CHANGE WOULD ALSO DEPEND ON
OUTCOME OF FRAMEWORK GROUP WHICH THEY FEARED WOULD HAVE NO
OUTCOME AT ALL. US SIDE POINTED OUT THAT ENABLING CLAUSE
WOULD NOT PROVIDE ANY SPECIFIC S&D BENEFITS, BUT ONLY
ESTABLISH A LEGAL BASIS FOR S&D TO BE NEGOTIATED MULTILATERALLY.
RATHER THAN LOOK AT FRAMEWORK GROUP, CACM SHOULD EVALUATE
CODE OBLIGATIONS AND BENEFITS, INCLUDING S&D. IN THIS CON-
NECTION, LANDE NOTED THAT NOT ONE LDC HAD SO FAR INDICATED
WHAT LEVEL OF OBLIGATIONS COULD BE ACCEPTED GIVEN SOME ASSUMED
LEVEL OF BENEFITS. IF CACM MEMBERS BELIEVED THERE WOULD BE NO
LDC OBLIGATIONS IN CODES BUT ONLY S&D BENEFITS THEY WERE
SOBERLY MISTAKEN. BOTH CACM AND THE US AGREED THAT CODES WERE
ESSENTIAL TO TRADE LIBERALIZATION. LANDE ADDED, THAT SEVERAL
OF THE CODES WOULD BE CLOSELY RELATED TO THE EXISTING GATT
STRUCTURE AND IT WOULD BE POSSIBLE TO DENY CODE BENEFITS TO
NON-GATT MTN PARTICIPANTS WHICH DID NOT SIGN THE CODES.
THEREFORE, GATT ACCESSION WAS DEFINITELY IN CACM MEMBER
COUNTRY INTEREST.

4. WHETHER SUCH A VICE-MINISTERIAL MEETING ALONG LINES

PARAGRAPH 2 WILL OCCUR IS NOT EASY QUESTION TO ANSWER.
WHILE THERE MAY BE MEMBER COUNTRY INTEREST IN MOVING AHEAD
ON TARIFFS AND CODES, SUPPORT FOR GATT ACCESSION MAY BE
SOMEWHAT LESS ENTHUSIASTIC. SIECA OFFICIALS THEMSELVES MAY
NOT ACTIVELY SUPPORT SUCH A MEETING SINCE IT DOWNGRADES
SIECA ROLE IN MTN NEGOTIATIONS.

5. THIS MESSAGE NOT CLEARED BY LANDE.
ANDREWS

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NNN

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